

## DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

### INDIANAPOLIS

#### OFFICE MEMORANDUM

TO: Diane Powers, Director  
Office of Fiscal and Management Analysis, Legislative Services Agency

FROM: Mary Ellen Gray, Deputy Assistant Commissioner  
Office of Water Quality

DATE: January 24, 2003

SUBJECT: Analysis of Fiscal Impact of amendments to 327 IAC 15-2, 327 IAC15-3, 327 IAC 15-5 and 327 IAC 6 (LSA #01-95)

The Department of Environmental Management (IDEM) is submitting this rule for your fiscal impact analysis under IC 4-22-2-28. The following information is provided for your analysis:

- 1) the fact sheet;
- 2) the proposed rule; and
- 3) Attachments detailing the estimate of the economic impact of the rule:

**Attachment A** - Additional costs incurred by the three new industrial sectors regulated under Rule 6.

**Attachment B** - Cost estimates for submitting SWP3, sample analyses for eight basic parameters, NOI letter development, annual report development, and IDEM application/annual fees, as provided by regulated entities.

**Attachment C** - Cost estimates for collection and analysis of one (1) annual grab sample, as provided by regulated entities.

**Attachment D** - IDEM analysis of Economic Impact which includes a summary of the federal economic analysis, as well as Indiana's fiscal impact analysis.

#### Digest of Proposed Rule:

This rulemaking is being initiated due to the new federal Phase II program regulations for storm water discharges. The National Pollutant Elimination System (NPDES) storm water Phase II final rule was published on December 8, 1999, at 64 FR 68722. Therefore, the amendments to 327 IAC 15-5, storm water run-off associated with construction activity, and 327 IAC 15-6, storm water discharges associated with industrial activity, seek to modify and revise the existing rules to add the federal Phase II requirements, add changes to the Phase I program, and add clarity and effectiveness to the existing program. Revisions are also being made to 327 IAC 15-2 and 327 IAC 15-3, to bring them in line with the proposed amendments to the storm water rules.

#### Narrative Discussion of Fiscal Impact on Regulated Communities:

All of the proposed changes to Rules 2, 3, and 5 are either attributable to a federal requirement, and thus accounted for in the federal fiscal analysis, or, do not have a financial impact on the regulated community.

Regarding Rule 6, except for one area, all proposed changes are either attributable to a federal requirement, and thus accounted for in the federal fiscal analysis, or do not have a financial impact on the regulated community. The only area not contained within the federal rule language is the applicability section at 327 IAC 15-6-2, which designates three additional industrial sectors for state regulation. These categories are listed in Attachment A. For the 730 newly regulated facilities within those three industrial sectors, the total estimated cost of this rulemaking is \$1,433,720 to \$1,941,800.

**Information Sources:**

Fiscal information was obtained by reviewing the U.S. Environmental Protection Agency's "Economic Analysis of the Final Phase II Storm Water Rule, Final Report", dated October 1999, and soliciting data from regulated facilities, environmental labs, and environmental consultants. Contact information for most of these sources is provided in the attachments.

If you have any questions concerning this proposed rule, please contact Kiran Verma at (317) 234-0986.

Attachments

cc: Timothy Method  
Mary Ellen Gray